

Issue Brief
IPERS Covered Service as DPS Peace Officers
Chapter 97A, Section 3 – Membership in System

History – Several peace officer classifications in the Department of Public Safety were not members of the Peace Officers' Retirement (POR) System until the passage of House File 2418 during the 1994 legislative session. Those classifications were gaming enforcement officers, fire prevention inspectors and peace officer employees of the division of Capitol Police who were instead covered by Chapter 97B (IPERS). The 1994 amendment made those employed in the above classifications after June 30, 1994 mandatory members of POR. The amendment also provided a mechanism for peace officers employed in these classifications as of June 30, 1994 to elect to transfer coverage from IPERS to POR.

The amendment did not provide any mechanism for officers promoted from the classifications prior to July 1, 1994 to include those years of service under POR. Consequently, many members who promoted from the classifications prior to July 1, 1994 were refunded their IPERS contributions, with accumulated earnings, or if vested in IPERS they had the option of withdrawing contributions, or leaving the contributions in place and drawing a pension from IPERS for those covered years of service, but had no option to transfer service credit to POR.

These officers had little or no control over the classifications in which they were employed when graduating from the academy. They have years of employment as peace officers with DPS which have been excluded as covered years of service under POR as an operation of statute. While none were harmed financially; that is they received a refund of contributions, or were allowed the years of service under IPERS; they were certainly placed at a disadvantage when compared to their fellow graduates who happened to receive an appointment to a POR covered position.

Problem Statement – Peace officers beginning employment with the Department of Public Safety on the same date may not be capable of retiring with the same number of years of service, with the same benefit.

As an example, two candidates graduate from the 1980 DPS basic academy, Officer A employed as a trooper (POR) immediately upon graduation, and Officer B employed as a Capitol police officer (IPERS) and after two years promoted to trooper. Officer A may retire after 32 years of service with a pension of 88 percent. Officer B can retire after 32 years of service as a peace officer, but will receive a pension of 82.5 percent, or may work a total of 34 years to receive the 88 percent pension benefit.

Staff of the Department of Public Safety has identified 94 peace officers who fit into the same category of Officer B in the scenario above. The total years of service covered under IPERS for these 94 employees is 188.5 years of service as a peace officer. Given a minimum age of 55 for retirement from the System an estimated 92 years of service would be of value to 67 of the 94 employees. The other 27 officers will have 32 years of service under POR by age 55.

Potential Solutions – There are several potential solutions to the above problem, all but one would require action on the part of the Legislature and Governor.

Option 1: Amend the statute to provide a purchase of service option, similar to that allowed to IPERS members under Section 97B.80C.

Pros:

- This allows the member a mechanism by which to receive credit for some or all of the service earned under IPERS, providing equity with other members.
- Such a provision would be neutral to the System. The funded percentage of Pension Benefit Obligation would not be affected detrimentally.
- Current member and employer contributions would not have to be increased to fund the benefit a relative few would receive.

Cons:

- The expense borne by the member purchasing the service may be considerable. Depending on the age and rank of the member two years of service may cost in the tens of thousands of dollars.

Option 2: Amend the statute to provide a purchase of service subsidized by an appropriation made specifically for these members.

Pros:

- This proposal makes it possible for all members with peace officer service covered by IPERS to benefit from the change.

Cons:

- While the cost of this proposal is not known it would be extremely expensive. Based on an actuarial survey of similar service the allowance of 92 years of service could cost upwards of \$1 million.
- This proposal provides members with the benefit of inclusion of years for which they made no contribution at all, reversing the inequity describe in the example above.
- It would be likely that members of other systems in a similar situation would be quick to request that they be treated similarly.

Option 3: Amend the statute to provide a purchase of service subsidized by the system for these members.

Pros:

- This proposal makes it possible for all members with peace officer service covered by IPERS to benefit from the change.

Cons:

- In addition to the cons listed above, this proposal has the added potential of requiring all members of the system to fund the benefit through increased contribution rates, not only reversing the inequity, but exacerbating it.

Option 4: Make no changes to Chapter 97A relevant to these years of service.

Pros:

- Requires no funding on the part of the member, system or general fund.

Cons:

- Does not resolve the inequity presently in place.